



## **STATEMENT OF SENATE BUDGET CHAIRMAN DON NICKLES**

**February 2, 2004**

**Press Availability**

**President's FY 2005 Budget Request**

Mr. Chairman thank you very much. It is a pleasure to work with Chairman Nussle and these are big challenges.

A year ago Dan Crippen, former CBO director, said the budget process was dead. That was prior to the beginning of the budget process last year, because the previous year we didn't pass a budget for the first time since 1974. Democrats were in control of the Senate and we didn't pass a budget.

Last year we did pass a budget and by and large it worked. Our main objective from last year's budget was to win the war on terrorism and to also help grow the economy. The economy was still very flat at the beginning of the year, you might remember that.

So the President introduced and we were successful in passing a stimulus and growth package. And it largely worked. A lot of people kind of forget that but you might remember last year we cut the tax on dividends in half to fifteen percent, we cut the tax on capital gains to fifteen percent from twenty percent and the result of that, you've seen the stock markets risen dramatically. Dow Jones is up twenty-five percent and Nasdaq is up fifty percent just since we started doing this last February.

So the budget worked, it did stimulate the economy, we do have growth in the last couple of quarters...a remarkable growth. The economy looks a lot better. And it also enabled us to cap the growth of spending. Last year budget authority went up 2.9 percent...that's a significant improvement. During Bill Clinton's last year it went up 14.4 percent. And that was in the year 2001, that was passed in the year 2000. When Bill Clinton...when he was President.

So we've seen spending, except for the war on terrorism and national defense, spending has really been brought under control. And the President has given us a big challenge now, he's said let's have non-defense spending grow by less than 1 percent. That is a big change. And I think it's very incumbent upon Congress to meet that challenge.

The President's challenged us let's bring these deficits and I think you're going to hear the Democrats cry about how bad the deficits are...the deficits are not acceptable. You have to look how did we get these deficits? Well, we had a recession and a war; simultaneously that is a very big recipe for large deficits.

The President said let's get it down to half within five years and we expect to do that. We intend to do that. We hope to do that faster than five years. And so it's a pleasure for me to work with Chairman Nussle, this is going to be a big challenge.

A lot of people around here are used to spending one percent in growth; the President's proposed about \$12 billion in eliminating programs. I hope we can do that much and more. So we can increase some of the programs that do need increases and eliminate some of the programs that aren't working so well. That's what budgets are about.

Last year we largely complied with the budget. Chairman Nussle mentioned in the House they saved about \$900 billion; in the Senate it was over \$800 billion. And most of the Democrats who are running for President and most of the Democrats serving in the Senate voted for almost all those spending increases. So big... big differences.

I hope that we have bipartisan support for this budget. It will be a much more disciplined budget than what we've had in the past. It's gonna be tough; it will not be easy; it wasn't easy last year. We had to bring in the Vice President two or three times to pass the budget but we did; and to pass the growth package and we did; and I'm glad that we did. Because I think it really did help the economy. And we may need him this year; I hope we don't; I'd love to be able to pass a budget with a larger margin than we did last year.

We're also on a more or less accelerated time period; we hope to have most of this done in the next two months. And that is a lot of work. This is a \$2.4 trillion budget. That is a lot of money; that is a lot of programs; that is a big challenge. And we're saying for a whole lot of that budget it can't grow. And so this is going to be a challenge for Congress and I hope and expect that we are going to be able to meet that challenge.